



Medicaid Care Management Program Rate Setting and SFY 2018 Draft Rates

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March 2, 2017

Managed care rate setting environment

Actuarial Standard of Practice (ASOP) No. 49 definition of actuarial soundness

- Medicaid capitation rates are “actuarially sound” if, for business for which the certification is being prepared and for the period covered by the certification, projected capitation rates and other revenue sources provide for all reasonable, appropriate, and attainable costs.
- For purposes of this definition, other revenue sources include, but are not limited to, expected reinsurance and governmental stop-loss cash flows, governmental risk adjustment cash flows, and investment income.
- For purposes of this definition, costs include, but are not limited to, expected health benefits, health benefit settlement expenses, administrative expenses, the cost of capital, and government-mandated assessments, fees, and taxes.

Historical MCM program growth

Changes in MCO capitation rate by time period

Time Period	Scenario 1 - Unadjusted		Scenario 2 – Adjusted to Remove Program Changes	
	Average Rate*	Change	Average Rate*	Change
Dec13 - Jun14	\$318.58	0.0%	\$313.32	0.0%
Jul14 - Sep14	341.19	7.1%	335.56	7.1%
Oct14 - Aug15	344.16	0.9%	336.50	0.3%
Sep15 - Jan16**	343.22	-0.3%	328.60	-2.3%
Feb16 - Jun16	344.01	0.2%	328.75	0.0%
SFY 2017***	349.11	1.5%	347.33	5.7%
Aggregate change		9.6%		10.9%
Annualized change		3.3%		3.8%

**Reflects December 2015 membership distribution*

***Sep15 – Jan16 rates Include Feb16 – Jun16 capitation rates for CMHC services*

****Capitation rate from June 9, 2016 MCM Rate Report*

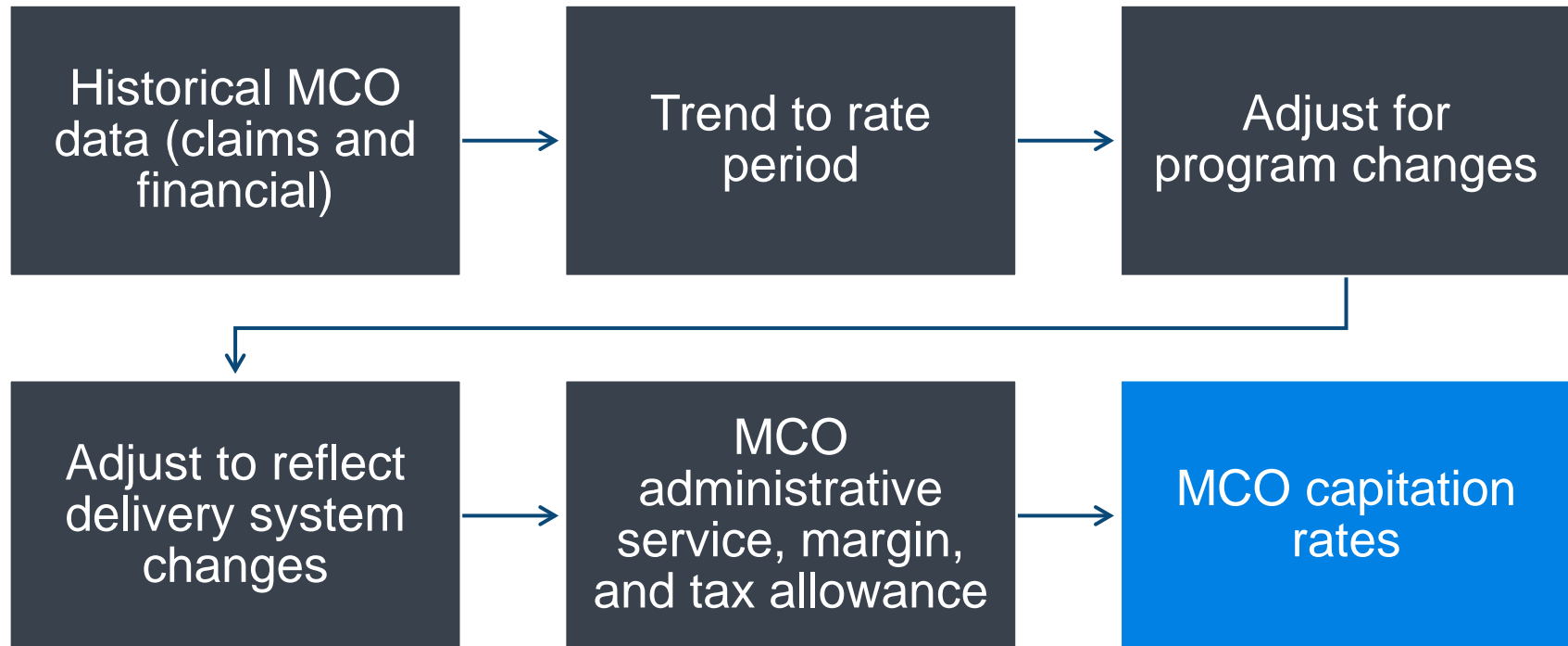
Historical MCM program growth

List of important program changes

- July 1, 2016: Introduction of Substance Use Disorder (SUD) benefit
- Treatment of Hepatitis C, hemophilia, and other high cost medications:
 - Hep C drugs carved out from July 2014 – August 2015 and again for SFY 2017
 - Hemophilia and other high cost drugs carved out for SFY 2017
 - Scenario 2 (on the previous slide) excludes the cost of these drugs from all time periods so that the rates reflect a consistent set of covered services in the comparison
- July 1, 2016: CMHC workforce expansion utilization adjustment
- February 1, 2016: Private duty nursing expanded coverage
- October 1, 2015: MCO-specific prescription drug list (PDL) implementation
- September 1, 2015 (with an increasing impact each year): Expanded mental health services under the Community Mental Health Agreement (CMHA)
- November 1, 2014: Merger of Children's Health Services with Manchester Community Health Center
- October 6, 2014: Personal care attendant rate increase

SFY 2018 rate development process

Overview



Summary of Draft MCM Rate Change

Table 1
New Hampshire Department of Health and Human Services
Draft SFY 2018 Capitation Rate Change
Based on July 2016 MCO Enrollment by Rate Cell

Population	SFY 2017 Capitation Rate	Draft SFY 2018 Capitation Rate	Percentage Change
Base Population Rate Cells	\$254.81	\$256.88	0.81%
NF Resident and Waiver Population Rate Cells	549.23	576.07	4.89%
Behavioral Health Population Rate Cells	1,202.54	1,229.64	2.25%
Grand Total	349.11	\$355.22	1.75%

Table 2
New Hampshire Department of Health and Human Services
Medicaid Care Management Program Capitation Rates
Impact of Draft SFY 2018 Program Changes

Rate Component	Rate Change
Adjustment to consider the impact of SFY 2016 MCO financial results	0.93%
Updated prescription drug trends	-0.16%
Reduction of margin allowance from 2.0% to 1.5%	-0.57%
Managed care savings target for SFY 2018	-0.82%
Fee schedule increases from SFY 2017 to SFY 2018	0.33%
Medical services trend from SFY 2017 to SFY 2018	1.50%
Rate change prior to program changes	1.21%
Impact of program changes	
Removal of mental health formulary restriction under HB 1680	-0.76%
Implementation of gender dysphoria benefit	0.03%
Increased CMHA service expansion	1.28%
Rate change due to program changes	0.55%
Grand total rate change	1.75%

Caveats and Limitations

- This document is intended to be used by DHHS to summarize the draft SFY 2018 MCM program rate setting process and results. This information may not be appropriate for other purposes.
- This information should not be relied upon by anyone other than DHHS. Milliman does not intend to benefit, and assumes no duty or liability to, other parties who receive this work. This information assumes the reader is familiar with the New Hampshire Medicaid program.
- In preparing this document, we relied on information provided by DHHS and the MCOs. We accepted this information without audit but reviewed the information for general reasonableness. Our results and conclusions may not be appropriate if this information is not accurate.
- This presentation and its use is subject to the contract between DHHS and Milliman signed on November 16, 2012.